

ARTICLE APPEARED  
ON PAGE **18A**MIAMI HERALD  
13 October 1985

# U.S. trading charges, insults with Panama as relations turn sour

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PANAMA — The United States and Panama are exchanging hostilities unleashed by the military ouster of the latest figurehead president, using economic sanctions, diplomatic insults and angry conspiracy charges.

The crisis amounts to the worst setback in years to U.S. policy in Panama, crushing official illusions about fostering long-term civilian democratic rule. Passions are so inflamed that U.S. Embassy employees are trying to keep a low profile in Panama City during their off-hours.

The immediate U.S. reaction to President Nicolas Ardito-Barletta's forced resignation on Sept. 28 included minor economic and diplomatic reprisals, as well as the cancellation of a one-day joint military exercise scheduled for Oct. 4.

Panama counterpunched last week with wild accusations that the United States was conspiring to seize power in Panama and street picketing outside the embassy.

"Panama is unleashing all the dogs. We're not sure how far they're willing to go, how much they could damage our interest," said an analyst watching the current squabbling.

## Support for military

As the policymakers ponder what went wrong, longtime residents say that the continuing training and backslapping support that the U.S. military has given its Panamanian counterparts for years has played a key role in forging the all-powerful position of the Panama Defense Forces.

"They're a creature of the U.S. military. The U.S. has made them what they are," said Howard Wenzel, a businessman and former president of the American Society.

Despite occasionally nasty interludes such as a 1983 incident in which the commander of the Defense Forces noisily accused Ambassador Everett Ellis Briggs of fomenting a coup, U.S.-Panama relations have been generally cordial since the 1977 signing of the Torrijos-Carter canal treaties.

The United States has enormous strategic stakes in Panama, including the canal, the hemisphere's major military installation and nearly \$5 billion in U.S. investments. Since a 1968 coup, Washington has swallowed its discomfort with military rule in the interests of stability.

## U.S. hopes too high

The presidency of Ardito-Barletta, however, fostered overblown U.S. hopes for genuine civilian rule. Despite allegations of fraud in the 1984 election, he was the first civilian president elected in 16 years. A former World Bank vice president, Ardito-Barletta was a favorite of Secretary of State George Shultz, who attended his inauguration a year ago Friday.

The United States doled out more than \$50 million to Panama in two strategic dollops of economic aid, hoping to bolster Ardito-Barletta's embattled 11-month presidency. Total U.S. economic aid during his tenure was \$100 million, more than 16 times as great as 1980 aid levels.

Ardito-Barletta's fall came amid a rising storm of protest over the decapitation murder of a prominent government critic and one-time guerrilla, Hugo Spadafora, in circumstances that suggest Defense Forces involvement.

When Defense Forces commander Gen. Manuel Antonio Noriega called Ardito-Barletta home from New York to demand his resignation Sept. 26, both Briggs and Vice President George Bush attempted to come to his aid, sources said.

"They fought tooth and nail to save him," an informed source said.

## U.S. slashed aid

After Ardito-Barletta resigned, the United States slashed \$5 million in aid and canceled a planned Panama City show by the U.S. Air Force's Thunderbirds. Briggs refused to attend incoming President Eric Delvalle's first diplomatic reception, on Sept. 30.

Perhaps most significantly, the State Department ordered the cancellation of a one-day joint command exercise, "Ellipse Echo," planned for Oct. 4 and designed to test defenses against a simulated terrorist attack on the canal.

Then, Panama hit back. Thursday, a government-backed student federation picketed the U.S. Embassy, and a left-wing newspaper with close ties to the Defense Forces accused the CIA of Spadafora's murder.

Meanwhile, the Defense Forces' intelligence chief briefed reporters about an alleged "seditious plot," supposedly involving U.S. officials and Panamanian opposition politicians. The alleged aim of the plan was to end Panama's participation in the Contadora peacemaking effort, to throttle Panama's "independent economic model," and discredit and weaken the Panamanian Defense Forces.

Not surprisingly, the intelligence officer and government-run newspapers said that opposition accusations of Defense Forces involvement in Spadafora's murder were part of the alleged plot.

"These charges manifest a common predisposition to blame everything unwelcome in Panama on the U.S. Such chaff should receive as little notice as possible," answered a terse State Department communique.

Although the official U.S. goal in Panama has been to strengthen civilian rule, policymaking here is complicated by close relations between the U.S. military and the Defense Forces, as well as by American concern about Marxist movements in Central America.

More than 4,200 Panamanian soldiers had graduated from the U.S. Army's School of the Americas before it left Panama last year, and the Pentagon has largely equipped and armed the 15,000-man Defense Forces.

Relations between hundreds of Defense Forces officers and their U.S. counterparts form a dense web of daily interaction that includes not only formal training and joint exercises, but sports and social interchanges.

The Defense Forces will take over the Panama Canal's defense in 15 years.